

FIS Technical - Brent July Futures

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Comment:

The trend is bearish and at technical resistance on overbought momentum, bearish rejection candles here would suggest another downward wave, fresh market longs should be cautious at these levels. Any failure to make fresh lows (as in bullish reversal candles creating a pivot low) as this would suggest the trend could be entering into consolidation or reversing.

Brent July Futures Weekly



Resistance – 51.11, 51.44, 52.46

Support- 48.16, 46.64, 45.92

Last week’s drop into the US\$ 46.00 zone was met with a bullish rejection candle that has resulted in a reversion back to the 20 period EMA.

The stochastic is now overbought as we approach technical resistance levels around the US\$ 51.44 – US\$ 52.46 zone, this is also supported by the 20 period EMA. Market longs need to be cautious at these levels and look to tighten risk as any bearish rejection candles, will attract technical sellers to the market targeting the US\$ 46.64 support or lower.

Any pullback in price from these levels that result in further bullish rejection candles above the US\$ 46.64 level should have market shorts looking to tighten risk. A higher low would suggest the July contract is basing and could potentially reverse.

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Technical Analysis Glossary

Pivot Point

A point where the market makes a new high or low, before reversing in direction.

Trend Line

A directional line connecting pivot points.

Primary Trend

The main trend line over an extended period of time.

Secondary Trend

Distinct from but within the primary trend. Indicates recent trend.

Support

A previous market low where market participants have been prepared to enter long positions.

Resistance

A previous market high where market participants have been prepared enter short positions.

Range

An area between the support and resistance.

Relative Strength Index (RSI)

A technical momentum indicator that compares the magnitude of recent gains to recent losses in an attempt to determine overbought and oversold conditions in an asset. The RSI ranges from 0 to 100. Typically speaking, an asset is deemed to be overbought once the RSI approaches the 70 level, and likewise, as the RSI approaches 30, it is deemed to be oversold.

Fibonacci Retracement

Refers to areas of support or resistance. A Fibonacci retracement shows the potential retracement of a financial asset relative to the original move in price. A trend line is drawn between two points and then the vertical distance is divided by key Fibonacci ratios; 23.60%, 38.25%, 50.00%, 61.80% and 100.00%. This tool can also be used as a projection method.

Moving Average Convergence Divergence (MACD)

A trend-following momentum indicator that shows the relationship between two moving averages of prices. The MACD is calculated by subtracting the 26-day exponential moving average (EMA) from the 12-day EMA. A nine-day EMA of the MACD, called the "signal line", is then plotted on top of the MACD, functioning as a trigger for buy and sell signals on the crossover of the two lines. The histogram highlights the narrowing and widening of the two averages acting as an indicator for slowing or increasing momentum in the market. I.E a flattening or decreasing histogram in an upward market would suggest that the upward move could soon stall.

Award winning broker

In 2015 FIS was named as the best performing inter-dealing broker in Iron Ore swaps and options by Singapore-based SGX AsiaClear for the third consecutive year.

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